**SUPPLEMENT**

**ALLIED IRISH BANKS, P.L.C.**
(*a company incorporated with limited liability in Ireland*)

**€10,000,000,000**

**Euro Medium Term Note Programme**

This base prospectus supplement (the "**Supplement**") is supplemental to and should be read in conjunction with the base prospectus dated 11 June 2015 (the "**Base Prospectus**"), issued for the purposes of giving information with regard to the issue of notes (the "**Notes**") by Allied Irish Banks, p.l.c. (the "**Issuer**") under the Issuer's €10,000,000,000 Euro Medium Term Note Programme (the "**Programme**").

Words and expressions defined in the Base Prospectus shall, unless the context otherwise requires or otherwise defined in this Supplement, have the same meaning when used in this Supplement. Words and expressions defined in this Supplement and/or also defined in the Base Prospectus shall have the meaning given to them in this Supplement. This document constitutes a supplement to the Base Prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and is issued in accordance with article 16 thereof and regulation 51 of the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended, of Ireland (the "**Irish Prospectus Regulations**"). This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes issued under the Programme which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

For the purposes of part 6 of the Irish Prospectus Regulations, the Issuer accepts responsibility for the information contained in this Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information in this Supplement is, to the best of the knowledge of the Issuer, in accordance with the facts, and does not omit anything likely to affect the import of such information. This declaration is included in this Supplement in compliance with item 1.2 of annex IX to Commission Regulation (EC) No. 809/2004, as amended.

The date of this Supplement is 18 November 2015.

Upon approval of this Supplement by the Central Bank, this Supplement will be filed with the Registrar of Companies in Ireland in accordance with regulation 38(1)(b) of the Irish Prospectus Regulations.

To the extent that there is any inconsistency between (a) any statement in, or incorporated by reference in, this Supplement and (b) any statement in, or incorporated by reference in, the Base Prospectus, then (a) will prevail.

Save as disclosed in this Supplement, there has been no significant change in the financial or trading position of the Group and no significant new matter has arisen in relation to the Issuer since 30 June 2015.

The issue of this Supplement was authorised in accordance with resolutions of the Board of Directors of the Issuer on 21 May 2015.

**AMENDMENTS TO THE BASE PROSPECTUS**

1. At page 7 of the Base Prospectus, under the heading *Downgrades to the Group's credit ratings or outlook could impair the Group's access to private sector funding, trigger additional collateral requirements and weaken its financial position,* the first sentence shall be deleted and replaced with the following*:*

   "The Group's senior unsecured debt not covered by the Credit Institutions (Eligible Liabilities Guarantees) Scheme (the "ELG Scheme") is rated Ba2 by Moody's with a stable outlook and its debt and deposits not covered by the ELG Scheme are rated BB+ with a stable outlook by S&P and BB with a positive outlook by Fitch."

2. At page 9 of the Base Prospectus, under the heading *The Group may be adversely affected by further austerity or budget measures introduced by the Irish Government or the UK Government,* the existing language shall be deleted and replaced with the following:

   "The current and future budgetary and taxation policy of Ireland, the UK and other measures adopted by the Irish Government or the UK Government may have an adverse impact on borrowers' ability to repay their loans and, as a result, the Group's business. Furthermore, some measures may directly impact the financial performance of the Group through the imposition of measures such as the bank levy in Ireland introduced in Budget 2014 and which the Irish government announced during Budget 2016 would be extended to 2021. The annual levy paid by the Group in 2014 amounted to €60 million. This bank levy may be further extended and increased in the future."

3. At page 9 of the Base Prospectus, replace the risk factor *Increased regulation and supervision* with the following:

   "***The Group may be adversely impacted by the pace and scale of regulatory and supervisory change***

   A significant number of new regulations have been issued by the various regulatory authorities in the recent past. The Eurozone's largest banks, including the Group, came under the direct supervision of, and are deemed to be authorised by, the ECB since the introduction on 4 November 2014 of the Single Supervisory Mechanism ("SSM").

   The main aims of the SSM are to ensure the safety and soundness of the European banking system and to increase financial integration and stability in Europe. A Single Resolution Mechanism ("SRM") has been introduced including a single resolution board ("SRB") and a single fund for the resolution of banks. The requirements of the SRM are set out in the Single Resolution Mechanism Regulation (Regulation (EU) No. 806/2014 of 15 July 2014) (the "SRM Regulation") and the Banking Recovery and Resolution Directive (Directive 2014/59/EU) ("RRD"). The SRM Regulation, subject to some exceptions, will apply from 1 January 2016. The SRB will be fully operational from January 2016. The RRD has been implemented in Ireland pursuant to the European Union (Bank Recovery and Resolution) Regulations 2015 (the "RRD Regulations"). The RRD Regulations, other than regulations 79 to 94, came into effect on 15 July 2015. Regulations 79 to 94 are scheduled to come into effect on 1 January 2016. The Group is making preparations for the SRM which will come into force on 1 January 2016. The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the SSM. The single resolution fund will be financed by bank levies raised at national level. The overarching goal of the new bank recovery and resolution framework established by the RRD/SRM package is to break the linkages between national banking systems and sovereigns. The new framework is intended to enable resolution authorities to resolve failing banks with a lower risk of triggering contagion to the broader financial system, while sharing the costs of resolution with bank shareholders and creditors. Among other provisions, the RRD requires banks to produce a full recovery plan that sets out detailed measures to be taken in different scenarios when the viability of the institution is at risk. Furthermore, one or more of the Group's regulators may require the Group to make changes to the legal structure of the Group pursuant to its implementation of requirements under the SRM Regulation, the RRD or other applicable law or

regulation. In relation to the RRD and the SRM Regulation, see also "*The RRD and the SRM Regulation provide for resolution tools that may have a material adverse effect on the Group and the Notes*".

The Group will have to meet the cost of all levies that are imposed on it in relation to funding the bank resolution fund established under the SRM or that are imposed on it under other applicable compensation schemes relating to banks or other financial institutions in financial difficulties. In addition, the challenge of meeting this degree of regulatory change will place a strain on the Group's resources, particularly during a period of significant organisational transformation. The challenge of meeting tight implementation deadlines while balancing competing resource priorities and demands adds to the regulatory risk of the Group. These may also impact significantly on the Group's future product range, distribution channels, funding sources, capital requirements and consequently, reported results and financing requirements."

4. At page 10 of the Base Prospectus, replace the risk factor *The RRD contains resolution tools that may have a material adverse effect on the Group* with the following:

"***The RRD and the SRM Regulation provide for resolution tools that may have a material adverse effect on the Group and the Notes***

On 6 May 2014, the EU Council adopted the RRD which establishes a framework for the recovery and resolution of credit institutions and investment firms. The RRD has been implemented in Ireland pursuant to the RRD Regulations so as to come into operation on 15 July 2015, save for the provisions thereof providing for the General Bail-In Tool (as defined below) and certain related provisions, which come into operation on 1 January 2016. The RRD Regulations, other than regulations 79 to 94 (relating to the General Bail-In Tool), came into effect on 15 July 2015. Regulations 79 to 94 are scheduled to come into effect on 1 January 2016. The RRD establishes a European framework dealing with resolution mechanisms, loss absorbency and bail-in rules. The SRM Regulation, subject to some exceptions, will apply from 1 January 2016. The SRB has been established to exercise a centralised power of resolution in the Eurozone and any other participating Member States. From 1 January 2016 the SRB will become principally responsible for determining when resolution action may be taken in respect of credit institutions (including the Issuer) established in the Eurozone and other participating Member States and when the Resolution Tools (as defined below) may be applied to such institutions. These new requirements will result in changes in the regulatory framework for capital and debt instruments of credit institutions.

The RRD is designed to provide relevant authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The RRD also equips the resolution authority with the following resolution powers (the "Resolution Tools") in circumstances where the credit institution is failing or is likely to fail:

- to transfer to an investor shares, other instruments of ownership and/or all specified assets, rights or liabilities of the credit institution (the "sale of business tool"); and/or

- to transfer all or specified assets, rights or liabilities of the credit institution to a bridge institution which is wholly or partially owned by public authorities (the "bridge institution tool"); and/or

- to transfer assets, rights or liabilities to a legal entity which is wholly or partially owned by public authorities for the purpose of sale or otherwise ensuring that the business is wound down in an orderly manner, to be applied in conjunction with another resolution tool (the "asset separation tool"); and/or

- to write down the claims of unsecured creditors of an institution and convert debt to equity (including the Senior Notes), with, in broad terms, the first losses being taken by

shareholders and thereafter by subordinated and then senior creditors, with the objective of recapitalising an institution (the "General Bail-In Tool").

The RRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; when its assets are, or are likely in the near future to be, less than its liabilities; when it is, or is likely in the near future to be, unable to pay its debts as they fall due; or when it requires extraordinary public financial support (except in limited circumstances).

Amongst other provisions, the RRD introduces a statutory write-down and conversion power to write down or to convert into equity the Issuer's capital instruments (which would include Subordinated Notes) if certain conditions are met (the "Write-Down Tool"). The Write-Down Tool would be applicable, in particular, if the resolution authority determines that, unless the Write-Down Tool is applied, the credit institution will no longer be viable or if a decision has been made to provide the credit institution with extraordinary public financial support without which the credit institution will no longer be viable.

In respect of the Write-Down Tool, which was implemented for Additional Tier 1 instruments (as defined in the RRD Regulations) and Tier 2 instruments (as defined in the RRD Regulations) with effect from 15 July 2015, and the General Bail-In Tool, which is to be implemented in Ireland on 1 January 2016, the resolution authority will have the power, upon certain trigger events, to cancel existing shares, to write down eligible liabilities (i.e. own funds instruments and, in the case of the General Bail-In Tool, other subordinated debt and even senior debt, subject to exceptions in respect of certain liabilities) of a failing credit institution or to convert such eligible liabilities of a failing credit institution into equity at certain rates of conversion representing appropriate compensation to the affected holder for the loss incurred as a result of the write-down and conversion. Where a credit institution meets the conditions for resolution, the resolution regulator and/or authority will be required to apply the Write-Down Tool before applying the Resolution Tools. The write down or conversion will follow the ordinary allocation of losses and ranking in insolvency. Equity holders will be required to absorb losses in full before any debt claim is subject to write-down or conversion. After shares and other similar instruments, the write-down or conversion will first, if necessary, impose losses evenly on holders of subordinated debt and then evenly on those senior debt-holders which are subject to the write-down or conversion.

Any amounts written down or converted in accordance with the Write-Down Tool will not constitute an event of default under the terms of the relevant instruments. Consequently, any amounts so written down will be irrevocably lost and the holders of such instruments will cease to have any claims thereunder, regardless whether or not the credit institution's financial position is restored. Pursuant to the RRD, resolution authorities must ensure when applying the Resolution Tools, that creditors do not incur greater losses than they would have incurred if the credit institution had been wound down in normal insolvency proceedings. Furthermore, one or more of the Group's regulators may require the Group to make changes to the legal structures and/or business model of the Group pursuant to its implementation of requirements under the SRM Regulation, the RRD or other applicable law or regulation.

The General Bail-In Tool could be used to impose losses on holders of Senior Notes where the relevant Notes mature after 1 January 2016. This could result in holders of Senior Notes losing some or all of their investment. The exercise of any such power or any suggestion or

anticipation of such exercise could, therefore, materially adversely affect the value of the Senior Notes.

In addition the RRD and the SRM Regulation may severely affect the rights of the holders of Subordinated Notes which may result in the loss of the entire investment represented by the Subordinated Notes in the event of non-viability. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the value of the Subordinated Notes. Furthermore, the exercise of the Write-Down Tool in respect of the Subordinated Notes or any suggestion or anticipation of such exercise could materially adversely affect the value of the Subordinated Notes.

Pursuant to the SRM Regulation, on 1 January 2016 the SRB will become responsible for drawing up the Group's resolution plan providing for resolution actions that may be taken if the Group would fail or would be likely to fail. In drawing up the Group's resolution plan, the SRB will identify any material impediments to the Group's resolvability. Where necessary, the SRB may instruct that actions are taken to remove such impediments.

These actions may include (but are not limited to):

- legal restructuring of the Group, which could lead to high transaction costs, or could make the Group's business operations or its funding mix to become less optimally composed or more expensive;

- issuing additional liabilities at various levels within the Group. This may result in higher capital and funding costs for the Group, and as a result adversely affect the Group's profits and its possible ability to pay dividends; and

- reviewing and amending the Group's contracts for the purposes of ensuring continuity of business operations and that such contracts do not cause any impediments to resolvability of the Group. This may result in additional costs and operational complexity for the Group.

If the SRB is of the view that the measures proposed by the Group would not effectively address the impediments to resolvability, the SRB may direct the Group to take alternative measures as outlined in the SRM Regulation.

The changes to be implemented in respect of the SRM Regulation and the RRD may have an effect on the Group's business, financial condition or prospects. Depending on the specific nature of the requirements and how they are enforced, such changes could have a significant impact on the Group's operations, structure, costs and/or capital requirements."

5. At page 12 of the Base Prospectus, the risk factor entitled *The Group is subject to substantial and changing conduct regulations,* shall be deleted and replaced with the following:

"***The Group is subject to conduct risk claims***

The Group is exposed to many forms of conduct risk, which may arise in a number of ways. The Group needs to be able to demonstrate how it delivers fair treatment and transparency to, and upholds the best interests of, customers and the evidential standards required by the Group's regulators in this regard are very high. The Group may be subject to allegations of mis-selling of financial products, including, as a result of having sales practices and/or reward structures in place that are determined to have been inappropriate, and the Group may also be subject to allegations of overcharging and breach of contract and/or regulation. Any of the foregoing may result in adverse regulatory action (including significant fines) or requirements to amend sales processes, withdraw products or provide restitution to affected customers, any or all of which could result in the incurrence of significant costs, may require provisions to be recorded in the financial statements and could adversely impact future revenues from affected products. The Central Bank announced in October 2015 that it had commenced a broad examination of tracker mortgage-related issues across Irish banks (including the Issuer). While it is not possible at this stage to assess the outcome of this investigation, or any related

litigation or regulatory action, or the quantum of any restitution required, such matters may result in any of the consequences described above and may materially adversely affect the Group's business, financial condition or prospects."

6. At page 19 of the Base Prospectus, the following sentence shall be inserted after the words '*The SSM's assessment of AIB's capital position may also change as a result of any assessment and supervisory review of AIB's capital model*.' at the end of the first paragraph:

   "Changes to regulatory capital models or approaches may be required by the supervisory authorities over the coming years which could result in an increase in risk weighted assets and or expected loss, resulting in an increase in the minimum amount of regulatory capital to be held by the Group."

7. At page 18 of the Base Prospectus, under the heading *The Group may be subject to the risk of having insufficient capital to meet increased minimum regulatory requirements,* the final paragraph of the existing risk factor shall be deleted.

8. At page 19 of the Base Prospectus, before the heading *The Group's deferred tax assets depend substantially on the generation of future profits over an extended number of years*, the following should be inserted:

   "***Risk that the Group's recently announced Capital Reorganisation will not be completed***

   On 6 November 2015, AIB announced that regulatory approval had been received from the SSM to undertake a capital reorganisation (the "Capital Reorganisation"). The principal elements of the Capital Reorganisation and related transactions comprise:

   - Partial redemption of the €3.5 billion of non-cumulative redeemable preference shares AIB issued in 2009 (the "2009 Preference Shares") which will result in the repayment of €1.7 billion of capital to the State. Completion of the redemption is conditional upon the following capital actions:
     - conversion of the remainder of the 2009 Preference Shares into ordinary shares which will result in a net increase in fully loaded Common Equity Tier 1 ("CET 1", as defined at the end of this risk factor) capital for CRD IV purposes of €1.8 billion;
     - the issuance of a minimum of €750m of Tier 2 capital; and
     - the issuance of a minimum of €500m of Additional Tier 1 (AT1) capital

   The mechanism by which this occurs includes conversion of €2.14 billion of the 2009 Preference Shares into ordinary shares and redemption of the remaining €1.36 billion of 2009 Preference Shares. Both the conversion and the redemption will be completed, in accordance with the terms of the 2009 Preference Shares, at 125% of their subscription price.

   The scheduled maturity of contingent capital notes issued by AIB will result in a further repayment of €1.6 billion of capital to the State on 28 July 2016.

   In an interim management statement dated 17 November 2015, AIB announced that the Group is working with the Department of Finance to finalise the terms of the Capital Reorganisation and that it may entail some additional measures to streamline the capital structure. Such measures may include:

   - a redemption by the Irish Government of the promissory note issued to EBS in June 2010 at its carrying value on the EBS balance sheet at the date of redemption (at 31 October 2015 this was c. €220m) using part of the proceeds of the partial redemption of the 2009 Preference Shares. The exact value will depend on the timing of the redemption;
   - a potential issue of warrants to the Irish Government at the time of any re-admission of AIB's ordinary shares to a regulated market. The Irish Government would be entitled to subscribe for ordinary shares not exceeding 9.99% of AIB's issued ordinary share capital, at a price not less than 200% of the re-admission price and within 10 years of re-admission; and

- an ordinary share consolidation on a 1-for-250 basis in order to reduce the number of ordinary shares in issue.

These transactions are subject to, amongst other things, agreement being reached with the Department of Finance and obtaining shareholder approval at an Extraordinary General Meeting of AIB. There can be no assurance however that such agreement and approval will be obtained or that any or all of these transactions will be completed or that the increase in the Group's CET 1 ratio which is anticipated as a result of the completion of the transactions (for further information, see AIB's stock exchange announcement dated 6 November 2015 and the interim management statement dated 17 November 2015 which are incorporated by reference into this Base Prospectus) will therefore be achieved.

Furthermore, the 2009 Preference Shares will cease to qualify as CET 1 of the Issuer for CRD IV purposes after 31 December 2017. In the event that the Capital Reorganisation is not completed prior to 31 December 2017, the Group may need to replace the 2009 Preference Shares with further CET 1 capital in order to maintain its capital ratios. There can be no assurance that the Group will be able to do so or if so, whether on favourable terms.

"CET 1", at any time, means the sum, expressed in euro, of all amounts that constitute common equity tier 1 capital (as that term is used in the CRR, or an equivalent or successor term) at such time of AIB, as calculated by AIB on an individual consolidated basis (as referred to in Article 9 of the CRR) or, as the context requires, the common equity tier 1 capital (as that term is used in the CRR or an equivalent or successor term) at such time of the Group, as calculated by AIB on a consolidated basis, in each case in accordance with the Applicable Regulatory Capital Requirements (as defined in the Terms and Conditions of the Subordinated Notes) and taking into account any transitional provisions set out in Part Ten of the CRR which are applicable at such time.

***Many aspects of the manner in which CRD IV will be implemented remain uncertain***

Some of the defined terms in the Terms and Conditions of the Subordinated Notes depend on the final interpretation and implementation of CRD IV. CRD IV is a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years.

Although the CRD IV Directive has been implemented into Irish law and CRR is directly applicable in each Member State, a number of important interpretational issues remain to be resolved through binding technical and implementing standards and guidelines and recommendations by the EBA that will be adopted in the future, and leaves certain other matters to the discretion of the competent authority.

The ECB has assumed primary prudential supervisory responsibilities formerly handled by the Central Bank as of November 2014. The ECB may interpret CRD IV, or exercise discretion accorded to the regulator under CRD IV (including options with respect to the treatment of assets of other affiliates) in a different manner than the Central Bank.

Furthermore, any change in the laws or regulations of Ireland or any change in the application or official interpretation thereof may in certain circumstances result in the Issuer having the option to redeem the Subordinated Notes in whole but not in part. In any such case, the Subordinated Notes would cease to be outstanding, which could materially and adversely affect investors and frustrate their investment strategies and goals.

Such legislative and regulatory uncertainty could affect an investor's ability to value the Subordinated Notes accurately and therefore affect the market price of the Notes given the extent and impact on the Subordinated Notes of one or more regulatory or legislative changes."

9. At page 23 of the Base Prospectus, under the heading *European Union Directive on the taxation of savings income,* the existing language shall be deleted and replaced with the following:

"EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident or to (or secured for) certain other types of entity established in that other EU Member State, except that Austria currently imposes a withholding system instead and this is expected to last for a

transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. A number of non-EU countries and territories have adopted similar measures to the Savings Directive.

The Council of the European Union has adopted a Directive (the "Amending Directive") which would, if implemented, amend and broaden the scope of the requirements of the Savings Directive described above.

However, the Council of the European Union, on 10 November 2015, adopted a Directive which will repeal the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The recitals to the Directive also provide that EU Member States will not be required to implement the Amending Directive.

Prior to the repeal of the Savings Directive becoming effective, if a payment were to be made or collected through Austria and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

The Issuer is required to maintain a Paying Agent with a specified office in a Member State of the EU that is not obliged to withhold or deduct tax pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives. However, investors should be aware that any custodians and intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers."

10. At page 24 of the Base Prospectus, under the heading *Change of law*, the existing language shall be deleted and replaced with the following:

"The Terms and Conditions of the Notes are based on English law (and to a limited extent, Irish law), in each case in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or Irish law or administrative practice after the date of issue of the relevant Notes. Such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools which may affect the rights of Noteholders.

For example, the Financial Stability Board (the "FSB") is contemplating the introduction of a common international standard on the total loss-absorbing capacity ("TLAC") for global systemically important banks ("G-SIBs"). If introduced as contemplated, the Irish legislator or Irish regulatory bodies could impose similar requirements on non-G-SIBs. As a result, if the Issuer were to become a G-SIB or if similar requirements for non-G-SIBs are introduced, the TLAC requirement could require the Issuer to maintain a ratio of its regulatory capital plus certain types of TLAC-eligible debt to its assets and exposures (potentially on a non risk-weighted basis and on a risk-weighted basis), which is significantly higher than current capital requirements under CRD IV.

The TLAC requirement may apply in addition to or replace the minimum requirement for own funds and eligible liabilities ("MREL") pursuant to the RRD and the SRM Regulation. However, based on the most recently updated FSB list of G-SIBs published in November 2014, the Issuer

does not currently constitute a G-SIB and therefore no TLAC requirements currently apply to the Issuer.

***FSB Proposals for Total Loss-Absorbing Capacity***

In November 2014, the FSB published a consultation document on policy proposals intended to enhance the loss-absorbing capacity of G-SIBs in resolution. The FSB proposals seek to ensure that G-SIBs will have sufficient loss absorbing capacity available in a resolution of such an entity, in order to minimise any impact on financial stability, ensure the continuity of critical functions and avoid exposing taxpayers to loss. The FSB's proposals also include a specific term sheet for TLAC which attempts to define an internationally agreed standard. The FSB's proposals were endorsed at the G20's Brisbane conference in November 2014. The FSB's proposals would, if implemented, require all G-SIBs to maintain a minimum level of TLAC eligible capital within the range of 16-20 per cent. of risk exposure amount (alongside minimum regulatory capital requirements), and at a minimum of twice the relevant Basel III leverage requirement, with effect from 1 January 2019. The proposals also suggest that G-SIBs will be required to pre-position such loss-absorbing capacity amongst material subsidiaries on an intra-group basis. The FSB has also proposed that the minimum TLAC requirement should be satisfied before any surplus common equity is available to satisfy CRD IV buffers and the consultation document provides the possibility for local regulators to impose an additional TLAC requirement over and above the basic minimum requirement. Based on the most recently updated FSB list of G-SIBs published in November 2014, the Issuer does not currently constitute a G-SIB. However, the Irish legislator could impose similar requirements on non-GSIBs.

***EBA Consultation Paper on the minimum requirement for own funds and eligible liabilities under RRD***

On 3 July 2015, the EBA published its final draft regulatory technical standards ("RTS") on the criteria for determining MREL under the RRD. The RTS will also be relevant for determining MREL pursuant to the SRM Regulation. In order to ensure the effectiveness of bail-in and other resolution tools introduced by the RRD, the RRD requires that all institutions must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016 (or if earlier, the date of national implementation of RRD). The draft RTS provide for resolution authorities to allow institutions a transitional period of up to four years to reach the applicable MREL requirements.

Unlike the FSB's proposals discussed under "FSB Proposals for Total Loss-Absorbing Capacity" above, the RTS do not set a minimum EU-wide level of MREL, and the MREL requirement applies to all credit institutions, not just to those identified as being of a particular size or of systemic importance. Each resolution authority is required to make a separate determination of the appropriate MREL requirement for each resolution group within its jurisdiction, depending on the resolvability, risk profile, systemic importance and other characteristics of each institution. The MREL requirement for each institution will be comprised of a number of key elements, including the required loss absorbing capacity of the institution (which will, as a minimum, equate to the institution's capital requirements under CRD IV, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process.

Other factors to be taken into consideration by resolution authorities when setting the MREL requirement include: the extent to which an institution has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the institution; the systemic importance of the institution; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Items eligible for inclusion in MREL will include an institution's own funds (within the meaning of CRD IV), along with "Eligible Liabilities", meaning liabilities which, inter alia, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives.

Whilst there are a number of similarities between the MREL requirements and the FSB's proposals or TLAC, there are also certain differences, including the express requirement that

TLAC be subordinated to insured deposits (which is not specifically the case for MREL eligible liabilities), and the timescales for implementation. The RTS suggests that the MREL requirements can nevertheless be implemented for G-SIBs in a manner that is consistent with the international framework, and contemplates a possible increase in the MREL requirement over time in order to provide for an adequate transition to compliance with the TLAC requirements (which are currently projected to apply from January 2019). It remains to be seen whether there will be any further convergence in the detailed requirements of the two regimes and how they apply to non-G-SIBs such as the Issuer.

***Risks relating to the FSB and EBA proposals***

Both the FSB's and the EBA's proposals are in draft form, and may therefore be subject to change. As a result, it is not possible to give any assurances as to the ultimate scope and nature of any resulting obligations, or the impact that they will have on the Issuer once implemented. However, it is possible that the Issuer may have to issue a significant amount of additional MREL eligible liabilities and/or TLAC eligible liabilities in order to meet the new requirements within the required timeframes if the FSB's and EBA's proposals are implemented in their current form and the Issuer were to become a G-SIB or if the FSB's proposals are applied to non G-SIBs. The issuance of such additional eligible liabilities may have a material adverse effect on the profitability of the Issuer to the extent that such issuance raises the funding costs of the Issuer. If the Issuer were to experience difficulties in raising such eligible liabilities, it may have to reduce its lending or investments in other operations which could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects."

11. At page 26 of the Base Prospectus, under the heading *Documents Incorporated by Reference,* the existing language shall be deleted and replaced with the following:

"The following documents shall be incorporated in, and form part of, this Base Prospectus:

(a) the annual financial report of the Issuer, including audited consolidated financial statements of the Issuer for each of the financial years ended 31 December 2013 and 31 December 2014, respectively, in each case together with the audit reports thereon, which in each case have been previously published;

(b) the terms and conditions of the Senior Notes as contained in pages 31 to 47 of the base prospectus dated 21 May 2013 in respect of the Programme;

(c) the terms and conditions of the Senior Notes as contained in pages 24 to 42 and the terms and conditions of the Subordinated Notes as contained in pages 43 to 65 of the base prospectus dated 9 June 2014 in respect of the Programme;

(d) the interim management statement of the Issuer dated 1 May 2015 filed with the Irish Stock Exchange on 1 May 2015;

(e) the Irish Stock Exchange announcement of the Issuer dated 6 November 2015;

(f) the interim management statement of the Issuer dated 17 November 2015 filed with the Irish Stock Exchange on 17 November 2015;

(g) the audited 2015 half-year financial report of the Issuer for the six months ended 30 June 2015; and

(h) the Pillar 3 disclosure of the Group for the year ended 31 December 2014, which has been previously published,

save that any statement contained herein, or in a document all or the relative portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any such document, all or the relative portion of which is deemed to be incorporated by reference herein, modifies or supersedes such earlier statement (whether expressly, by implication or

otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. As regards information contained in the base prospectuses dated 21 May 2013 and 9 June 2014 which is not incorporated by reference in this Base Prospectus, such information is not relevant to investors in Notes to be issued on or after the date of this Base Prospectus or is covered elsewhere in this Base Prospectus.

AIB will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the written request of any such person, a copy of any or all of the documents which, or portions of which, are incorporated herein by reference. Written requests for such documents should be directed to AIB at its registered office set out at the end of this Base Prospectus.

The documents referred to above are available electronically on AIB's website via the following links:

http://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/annualreport/annual-report-2013.pdf

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/annualreport/aib_afr_2014_v1.pdf

http://www.ise.ie/debt_documents/Base%20Prospectus_50482.PDF

http://www.ise.ie/debt_documents/Base%20Prospectus_fde82589-0eba-4102-bd56-02b15f72fbb5.PDF?v=1242015

http://group.aib.ie/content/dam/aib/investorrelations/docs/se-announcements/2015/aib-interim-management-statement-1-may-2015.pdf

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/se-announcements/2015/aib-regulatory-approval-for-a-capital-reorganisation-05112015.pdf

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/se-announcements/2015/AIB-Interim-Management-Statement-and-Update-on-Capital-Reorganisation.pdf

http://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/resultspresentation/aib-half-yearly-financial-report-2015.pdf

https://investorrelations.aib.ie/content/dam/aib/investorrelations/docs/resultscentre/pillar3/pillar3-disclosures-2014.pdf .

The Issuer's website and its contents are not otherwise incorporated into, and do not form part of, this Base Prospectus."

12. At page 77 of the Base Prospectus, the section entitled *Balance Sheet Assessment ("BSA")* shall be deleted.

13. At page 78 of the Base Prospectus, the paragraph under the heading *Funding transactions* shall be deleted and replaced with the following:

"The Group's access to the wholesale funding markets was restricted during the banking crisis, during which the Group relied on funding from monetary authorities. Since 2012, the Group has returned to the public funding markets. In 2012, 2013, 2014 and to date in 2015 the Group completed market issuances of debt instruments amounting to €5.5 billion. These issuances included mortgage covered securities of €3.5 billion from AIB Mortgage Bank, the first credit card securitisation in the Irish market for €0.5 billion and senior unsecured funding of €1.5 billion. The Group's funding from monetary authorities continues to reduce substantially and amounted to €3.3 billion as at 30 June 2015."

14. At page 78 of the Base Prospectus, the section entitled *Operating Segments* shall be deleted and replaced with the following:

"**Operating Segments**

Following a review of the organisation's structure, a new operating structure was implemented in early 2015 that focused on the needs of the Group's customers, so as to combine customer groups with similar needs into franchises able to deliver co-ordinated services.

The Group's operations were reported under the following segments:

**– Retail & Business Banking ("RBB");**

**– Corporate & Institutional Banking ("CIB");**

**– AIB UK; and**

**– Group.**

These segments reflect the internal reporting structure which is used by management to assess performance and allocate resources.

**RBB** services Irish personal and business customers through AIB and EBS brands with the largest banking distribution in Ireland including c. 200 AIB branches, c. 70 EBS outlets and 10 business centres. This is combined with telephone and Internet banking and a partnership with An Post through which it offers services at over 1,000 post offices.

**CIB** serves large business, corporate and institutional customers in multiple industry sectors through the provision of an integrated suite of products and services. In addition, CIB is responsible for managing the Group's market-facing treasury and investment activities.

**AIB UK** comprises retail and commercial banking operations in Great Britain operating under the trading name Allied Irish Bank (GB) and in Northern Ireland operating under the trading name First Trust Bank. AIB UK operates through 30 branches and 5 business centres in Northern Ireland and 16 business centres in mainland UK.

**Group** includes central control and support functions' costs. It includes operations and technology, risk, audit, finance, general counsel, human resources and corporate affairs and strategy. Certain overheads related to these activities are managed and reported in the Group segment.

Further changes to the organisational structure were announced in November 2015, whereby:

– Corporate Banking, previously in CIB, will now be part of **Retail, Corporate & Business Banking ("RCB")**, formerly RBB; and

– Following the transfer of Corporate Banking to RCB, CIB will be known as **Wholesale & Institutional Banking**.

AIB UK and Group remain unchanged."

15. At page 80 of the Base Prospectus, before the heading *Board of Directors and Executive Officers*, insert the following paragraph:

"**Recent Developments**

On 6 November 2015, AIB announced that regulatory approval had been received from the SSM to undertake the Capital Reorganisation. The principal elements of the Capital Reorganisation and related transactions comprise:

- Partial redemption of the 2009 Preference Shares which will result in the repayment of €1.7 billion of capital to the State. Completion of the redemption is conditional upon the following capital actions:
  - conversion of the remainder of the 2009 Preference Shares into ordinary shares which will result in a net increase in fully loaded CET 1 capital for CRD IV purposes of €1.8 billion;
  - the issuance of a minimum of €750m of Tier 2 capital; and
  - the issuance of a minimum of €500m of Additional Tier 1 (AT1) capital.

The mechanism by which this occurs includes conversion of €2.14 billion of the 2009 Preference Shares into ordinary shares and redemption of the remaining €1.36 billion of 2009 Preference Shares. Both the conversion and the redemption will be completed, in accordance with the terms of the 2009 Preference Shares, at 125% of their subscription price.

The scheduled maturity of contingent capital notes issued by AIB on will result in a further repayment of €1.6 billion of capital to the State on 28 July 2016.

In an interim management statement dated 17 November 2015, AIB announced that the Group is working with the Department of Finance to finalise the terms of the Capital Reorganisation and that it may entail some additional measures to streamline the capital structure. Such measures may include:

- a redemption by the Irish Government of the promissory note issued to EBS in June 2010 at its carrying value on the EBS balance sheet at the date of redemption (at 31 October 2015 this was c. €220m) using part of the proceeds of the partial redemption of the 2009 Preference Shares. The exact value will depend on the timing of the redemption;
- a potential issue of warrants to the Irish Government at the time of any re-admission of AIB's ordinary shares to a regulated market. The Irish Government would be entitled to subscribe for ordinary shares not exceeding 9.99% of AIB's issued ordinary share capital, at a price not less than 200% of the re-admission price and within 10 years of re-admission; and
- an ordinary share consolidation on a 1-for-250 basis in order to reduce the number of ordinary shares in issue.

These transactions are subject to, amongst other things, agreement being reached with the Department of Finance and obtaining shareholder approval at an Extraordinary General Meeting of AIB. For further details of the proposed Capital Reorganisation, including the expected impact on the Group's CET 1 capital ratio, see AIB's stock exchange announcement dated 6 November 2015 and the interim management statement dated 17 November 2015 which are incorporated by reference into this Base Prospectus."

16. At page 84 of the Base Prospectus, the section entitled *Leadership Team (in addition to the Executive Directors above)* shall be deleted in its entirety and replaced with the following:

**"Leadership Team (in addition to the Executive Directors above)**

| | |
|---|---|
| Robert Mulhall | Managing Director of Retail, Corporate and Business Banking |
| Donal Galvin | Acting Managing Director of Wholesale & Institutional Banking |
| Jim O'Keefe | Head of FSG |
| Brendan O'Connor | UK Managing Director |

| | |
|---|---|
| Stephen White | Chief Operating Officer |
| Tom Kinsella | Chief Marketing Officer |
| Orlagh Hunt | Chief People Officer |
| Helen Dooley | Group General Counsel |
| Dominic Clarke | Chief Risk Officer". |

17. At page 94 of the Base Prospectus, under the heading *European Union Directive on the Taxation of Savings Income/ International Exchange of Information*, the existing language shall be deleted and replaced with the following:

    "The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident or to (or secured for) certain other types of entity established in that other EU Member State, except that Austria currently imposes a withholding system instead and this is expected to last for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. A number of non-EU countries and territories have adopted similar measures to the Savings Directive.

    The Council of the European Union has adopted the Amending Directive which would, if implemented, amend and broaden the scope of the requirements of the Savings Directive described above.

    However, the Council of the European Union has adopted a Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The recitals to the Directive also provide that EU Member States will not be required to implement the Amending Directive. Information reporting and exchange will however still be required under Council Directive 2011/16/EU (as amended), discussed below.

    The Council of the European Union has also adopted Directive 2014/107/EU (the "Amending Cooperation Directive"), amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 (1 January 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the Savings Directive, although it does not impose withholding taxes.

    Investors who are in any doubt as to their position should consult their professional advisers."

18. At page 110 of the Base Prospectus, paragraph 5 of the *General Information* section shall be deleted and replaced with the following:

    "**5** There has been no significant change in the financial or trading position of the Group since 30 September 2015 and save as set out or referred to in the Issuer's interim management statement dated 17 November 2015, there has been no material adverse change in the prospects of the Issuer since 30 June 2015.".